

Message Text

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21

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

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R 111735Z JUL 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 1378

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USDEL MTN GENEVA

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E.O. 11652: NA

TAGS: ETRD, MTN, EEC, GW

SUBJECT: COUNTERVAILING DUTIES: FLOAT GLASS

REF: ROME 9857; BONN 10761

SUMMARY: FRG ECONOMICS MINISTRY IS DRAFTING ADDITIONAL
MATERIAL ON AIDS TO FLOAT GLASS MANUFACTURE FOR SUB-
MISSION TO TREASURY, BUT REQUIRES CATALOG OF QUESTIONS
URGENTLY. EC PLANS DELIVER NOTE VERBALE BY JULY 20

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CONTESTING POSITIVE FINDINGS BY TREASURY. FRG BELIEVES

IT LIKELY THAT EC WILL RETALIATE IF REGIONAL AIDS ARE
COUNTERVAILED. END SUMMARY.

L. IN REVIEWING FLOAT GLASS CASE WITH EMBOFF ON JULY
10, KUEHN IN ECONMIN SAID THAT FOLLOWING RETURN OF
MINISTER FRIDERICH'S FROM WASHINGTON, ECONMIN INITIATED
A DETAILED REVIEW OF ORIGINAL COMPLAINT AS WELL AS
POSSIBILITY OF SUBMITTING ADDITIONAL MATERIAL. VON
WUERZEN, THE ASSISTANT SECRETARY FOR INDUSTRIAL
AFFAIRS, PLANS TO MAKE A NEW APPROACH TO THE FIRMS IN
QUESTION FOR ADDITIONAL INFORMATION CONCERNING THE
SHARE OF THEIR PRODUCTION BEING EXPORTED TO US AS WELL
AS FOR PERMISSION TO RELEASE DATA ON THE EXACT AMOUNT
OF REGIONAL AIDS THESE FIRMS RECEIVED. THE ECONMIN
IS FAIRLY CONFIDENT IT WILL BE ABLE TO PROVIDE AT
LEAST SOME ADDITIONAL INFORMATION CONCERNING THESE TWO
POINTS.

2. KUEHN'S OFFICE IS ALSO PREPARING AN OUTLINE OF
REGIONAL AIDS AS THEY PERTAIN TO FLOAT GLASS CASE,
ALONG THE LINES OF FRG PAPER ON SECTION 32 OF GERMAN
COAL LAW WHICH FRIDERICH'S GAVE TO TREASURY OFFICIALS
DURING HIS WASHINGTON VISIT. HIS OFFICE IS ALSO WORKING
ON AN EXPLANATION OF DIFFERENTIAL RAILWAY RATES.
HOWEVER, KUEHN FEELS SOMEWHAT STYMIED BECAUSE ALL HE
HAS TO GO ON IS THE ORIGINAL COMPLAINT TO TREASURY OF
MAY 31, 1974. HE HOPES THAT CATALOG OF QUESTIONS WILL
BE PROVIDED BY TREASURY VERY QUICKLY. WITH REGARD TO
ORIGINAL COMPLAINT, KUEHN WONDERED WHETHER TREASURY
BASED ITS FINDING ON ONLY SPECIFIC ESTIMATES OF
BOUNTIES SUCH AS THOSE GIVEN IN TABLE ON PAGE 46 OF
MAY 31, 1974 LETTER TO COMMISSIONER ACREE, OR WHETHER
TREASURY ALSO ACCEPTED GENERAL STATEMENTS CONCERNING
ELIGIBILITY FOR STATE AIDS SUCH AS THAT FOUND IN PARA-
GRAPH 2 ON PAGE 20.

3. FROM THE COMMUNITY VIEWPOINT, KUEHN BELIEVED THAT
THE CANNED HAM CASE WAS MORE SERIOUS THAN FLOAT GLASS,
SINCE IT WILL SET A PRECEDENT FOR FUTURE CONSIDERATION
OF RESTITUTION PAYMENTS ON EC AGRICULTURAL EXPORTS.
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HOWEVER, SOME EC MEMBERS, LED BY THE FRENCH, ARE TAKING
AN EQUALLY HARD LINE ON FLOAT GLASS. DESPITE THE
NEGATIVE TREASURY FINDING ON IMPORTS FROM FRANCE, KUEHN
SAID THAT THE FRENCH HAVE BEEN PARTICULARLY ADAMANT IN
DEFENDING THE POSITION OF EACH EC MEMBER AGAINST THIS
"US ATTACK ON COMMUNITY REGIONAL POLICIES." KUEHN
WARNED THAT THE EC HAS DECIDED TO SUBMIT A NOTE VERBALE
BY JULY 20 COMPLAINING ABOUT POSITIVE FINDINGS IN FLOAT

GLASS CASE ON BASIS OF REGIONAL AIDS. IF IN END THE
US COUNTERVAILS AGAINST FLOAT GLASS AIDS, KUEHN IS
QUITE CERTAIN THAT THE COMMUNITY WILL RETALIATE IN SOME
FASHION.

4. AFTER REVIEWING COMMUNITY POSITION, KUEHN TOOK PAINS
TO ASSURE US THAT THE GERMANS ARE PEOPLE OF GOOD WILL,
AND THAT THEY WILL TRY THEIR BEST TO SETTLE THIS CASE
IN A MANNER THAT WILL NOT ENDANGER OUR EXCELLENT TRADE
RELATIONS.
HILLENBRAND

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